Amendment 2293—To end conservation payments to millionaires

While the USDA has a weak track record of effectively preventing farm payments from going to millionaires, at times it encourages it.

Special rules allow the USDA to waive income limitations for certain programs, which it does on a regular basis. The result is millions paid to otherwise ineligible millionaires each year.

Most of these payments are through conservation programs that pay landowners to refrain from developing their land to encourage conservation of resources, as well as specific endangered species. In fact, over the past two years, <u>USDA</u> waived the \$1 million AGI cap for the programs discussed below and paid a total of \$89,032,263 to individuals or entities with an AGI of \$1 million or more.

Wetland Reserve Program ("WRP"). WRP is a voluntary program that pays landowners to protect and restore wetlands on their property. Essentially, the USDA pays a landowner not to use the property, except to preserve it. In exchange, USDA receives an easement on the property that limits the property's use for a number of years. To date, over 11,000 private landowners have enrolled over 2.3 million acres into WRP.

To properly qualify to receive WRP benefits in 2009 and 2010, a recipient's AGI could not exceed \$1 million unless USDA granted the recipient a waiver signed by the Chief of the Natural Resources Conservation Service ("NRCS").

In 2009, the USDA waived program requirements and paid two millionaires a total of **\$10,234,520**, which consisted mainly of a **\$10 million** payment to an investment company in California for restoring wetlands to protect the Riparian Brush Rabbit. The remaining amount of **\$234,520** went to a company in New Hampshire for wetland restoration.

In 2010, through the WRP, the government waived the program limit and paid **eight individuals** with an AGI of \$1 million over **\$74 million**. These included almost **\$22 million** to a ranch in Florida. The company that owns the ranch describes itself as a "privately held, family-owned company with agricultural, commercial real estate, and asset management operations." That company also states that it owns a number of commercial real estate

properties in New Jersey and Florida. The company also claims holdings that include multi-tenant office buildings, parking lots, a for-profit educational institution, restaurants, and retail property.

In 2010, USDA also paid over **\$31 million** to another ranch in Florida. The payment was part of an \$89 million purchase by USDA of an easement that places deed restrictions on the use of the land along 26,000 acres of the Fisheating Creek Watershed, partially located on the ranch. USDA claimed that the easement purchase would provide support for the crested caracara, Florida panther, and the red-cockaded woodpecker.

Recently, the owners of the ranch listed 2,600 acres for sale for \$18.2 million. The property is described as a working ranch with "tremendous recreation and hunting attributes." The local newspaper has also reported that same ranch was slated for a new 12,000-unit planned community.

Other entities and individuals with an AGI of \$1 million or more that received WRP payments in 2010 include:

- **\$7.92 million** to a company in Texas for "restoration and protection of critical and unique wetlands" on a property known as East Nest Lake and Osceola Plantation;
- \$5.8 million to a farm in North Carolina to promote a "habitat for migratory birds and wetland dependent wildlife;"
- \$5.4 million to a ranch in Florida for land with "high potential to significantly improve waterfowl and wading bird habitat;"
- \$900,853 to an individual in Kansas to "protect and [for] restoring...valuable wetland resources...for migratory birds and other wildlife;"
- \$227,203 to a company in New Hampshire for "wetland restoration;" and
- **\$80,000** to two individuals in Mississippi to "restore, protect and enhance wetlands."

In total, through WRP, over these two years, USDA waived program requirements and awarded over **\$84 million** to individuals and entities with an AGI of \$1 million or more.

Grassland Reserve Program ("GRP"). Another program through which USDA provides funds for an easement from a private landowner to limit the use of the land is the Grassland Reserves Program. USDA pays voluntary participants to limit development of the land, but the landowner retains the right to conduct common grazing practices and operations.

Just like WRP, to participate, program applicants with an AGI of \$1 million or more are required to obtain a waiver signed by the Chief of the NRCS. In 2010, USDA waived the \$1 million AGI requirement and paid a ranch holding company over **\$2.7 million** through GRP for "protection of critical and unique grasslands."

Environmental Quality Incentive Program ("EQIP").

Through EQIP, USDA provides financial assistance for landowners to improve soil, water, plant, animal, air and related resources on farm lands. To date, USDA has obligated over \$514 million in 24,866 active contracts.

Last year, USDA paid four millionaires a total of \$592,097 through EQIP, \$299,847 of which was aimed at protecting the Sage Grouse by a ranch in California. In addition, \$50,000 went to a farm. That farm is owned by the W.C. Bradley Company, which is best known for producing Char-Broil outdoor grills and Zebco fishing supplies. Remaining amounts of \$35,250 and \$210,000 went to two family trusts.

Wildlife Habitat Incentive Program ("WHIP"). USDA seeks to protect land for certain wildlife through WHIP by providing up to 75 percent cost-share assistance to improve habitats for fish and wildlife. Over the past two years, WHIP doled out \$737,000 to three millionaire recipients, with the majority of the funds (\$449,662) going to protect the Sage Grouse by a family trust in California. A farm in Georgia also received \$100,000 through WHIP for "promotion of at-risk species habitat conservation." The remaining \$187,540 went to a company in New Jersey.

Farm and Ranch Land Protection Program ("FRPP"). Yet another program providing payments to landowners for conservation purposes is the FRPP. This program provides funds to help purchase development

rights to restrict land to certain agricultural uses. USDA provides up to 50 percent of fair market easement value of the conservation easement.

The program is not available to individuals with an AGI of \$1 million or more, unless a waiver is signed by the Chief of the NRCS. Despite this, FRPP paid **\$630,000** to a company in 2009 to protect Raspberry Farms in Hampton Falls, New Hampshire. Raspberry Farms formerly operated as a "popular pick-your-own berries and retail farm stand" in the 1980s and early 1990s. The former farm was scheduled to be developed for housing, but instead, NRCS, in partnership with local entities, paid a total of \$1.6 million to ensure the land will never be developed.

Conservation Reserve Program ("CRP"). A landowner can receive annual rental payments and cost-share assistance for conservation on eligible farmland through the CRP. In 2010 USDA paid four individuals and entities with an AGI of \$1 million or more a total of \$75,540.

Total Amount Paid to Millionaires. In just two years, USDA waived the \$1 million AGI cap for the programs above and paid a total of **\$89,107,803** to individuals or entities with an AGI of \$1 million or more.

Additional Resources:

http://www.coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=50 ef76a3-663d-41e0-ab9e-454aa55fa4ca